

NOTIFICATION AND CANCELLATION AGREEMENT

This Agreement is entered into this 2nd day, of May, 2002 between Pet Life Foods, Inc., an Illinois corporation, ("Pet Life") and Sergeant's Pet Care Products, Inc., a Nevada Corporation ("Sergeant's").

Background

Pet Life and Sergeant's have entered into a number of agreements including, but not limited to, the Trademark License and Transfer Agreement (the "Trademark Agreement"), numerous purchase orders and cost sharing agreements as to slotting arrangements. Pet Life has requested that Sergeant's pay all current invoices without deduction for defective products and both parties desire to terminate their existing contractual relationships.

NOW THEREFORE, in consideration of the premises and agreements set forth herein, the parties agree as follows:

1. Sergeant's shall wire transfer to LaSalle Business Credit, Inc. for credit to Pet Life the amount of \$353,707.³⁸ which represents the current total of all invoices for products produced by Pet Life and shipped to Sergeant's for the account of Sergeant's, without deduction. Sergeant's waives the defenses and deductions it has with respect to the foregoing invoices in exchange for the consideration set forth in Paragraph 5. In addition Sergeant's shall pay the fair market value of all Sergeant's inventory owned by Pet Life not purchased by World Pet.
2. Sergeant's cancels all purchase orders for product not shipped as of the date hereof and Pet Life acknowledges such orders have been cancelled.
3. Pet Life acknowledges that it is obligated to Sergeant's in a total amount of \$447,446.38. The components of the obligations due from Pet Life to Sergeant's are set forth on Exhibit A attached hereto.
4. The license granted to Pet Life under the Trademark License and Transfer Agreement dated September 1, 2001 is revoked in its entirety and Pet Life shall have no further right to use any of the trademarks identified on Exhibit B attached hereto.
5. In consideration of the payment made pursuant to Paragraph 1 and as an offset to the amount owed by Pet Life to Sergeant's, as set forth in Paragraph 3 hereof and on Exhibit A attached hereto, Pet Life acknowledges that Sergeant's is not obligated to make any further payment to Gaines Pet Foods Corp. pursuant to the Supplier and Royalty Agreement dated November 23, 1999 nor any amounts due to Whitecap, Inc., Gerald Schulman and David Kofsky pursuant to a Sales and Marketing Agreement. The obligation of Sergeant's to make such payment under the Trademark Agreement is offset against the current amounts due to Sergeant's.



6. The No-Offset Letter dated September 1, 2001 shall be deemed of no force or effect and all parties hereto agree to the terms of the offset contained herein.

7. The obligations due to Sergeant's, as described herein, are current and of the same nature as the obligations of Sergeant's to Pet Life and thus, the offset is of current mutual obligations.

8. All notices, demands or other communications of any type (herein collectively referred to as "Notices") whether required by this Agreement or in any way related to the transaction contracted for herein shall be in writing and delivered to the person to whom the Notice is directed, either (i) in person, (ii) by United States Mail, postage prepaid, registered or certified mail with return receipt requested, (iii) delivered by a commercial delivery service, or (iv) delivered by a commercial delivery service, or (v) sent by telex, telecopy or facsimile transmission (provided it is confirmed by commercial delivery service or by mail in the manner provided herein). Notices delivered by mail shall be deemed given and received upon deposit in a post office or other depository under the care or custody of the United States Postal Service, addressed properly, with proper postage affixed. All notices shall be addressed as follows:

If to Pet Life Foods, Inc.

Alan Brown
1601 Elm Street, Suite 300
Dallas, TX 75201

If to Sergeants:

Mr. Bob Scharf
President
Sergeant's Pet Care Products
14748 West Center Road, Suite 303
Omaha, NE 68144-2029
facsimile: 402-938-7099

Either party hereto may change the address for Notice specified above by giving the other party two (2) days' advance written notice of such change of address. Notices given otherwise than by mail shall be deemed given and received upon actual receipt thereof.

9. EXCEPT WHERE FEDERAL LAW IS APPLICABLE OR PREEMPTS STATE LAWS, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. THIS AGREEMENT IS PERFORMABLE IN DALLAS COUNTY, TEXAS, AND VENUE FOR ANY LEGAL ACTION ARISING OUT OF THIS AGREEMENT SHALL BE EXCLUSIVELY IN DALLAS COUNTY, TEXAS.

10. This Agreement embodies the entire Agreement between the parties and supersedes all prior agreements and understandings, if any, relating to the transactions described herein, and may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY